

1 LOANDEPOT.COM, LLC \*

2 Claimant, \*

3 v. \* JAMS No.:

4 SEAN JOHNSON \* 541000076

5 Respondent \*

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TRANSCRIPT OF PROCEEDINGS

HEARING DATE: February 21, 2024, 9:00 a.m.

BEFORE: Linda Singer, Arbitrator

A P P E A R A N C E S

ON BEHALF OF LOANDEPOT:

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A P P E A R A N C E S Continued

MEREDITH GRANT

LoanDepot

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Irvine, California 92618

JACE STIRLING

LoanDepot

888 Bestgate Road

Suite 420

Annapolis, Maryland 21401

ALSO PRESENT:

Sean Johnson

Corinne Bahner

1           Q.    Direct report or was there anybody in between  
2    you?

3           A.    Direct report.

4           Q.    Okay. Did you remain his boss or supervisor  
5    for the entire time until you left Movement in 2023?

6           A.    Correct.

7           Q.    Mr. Shelton, let me return back to some  
8    questions more about you and your time at Movement. In  
9    particular, I'd like to focus in on your time as  
10   divisional leader, which is, I understand it, you took  
11   maybe sometime in 2020 or 2021; is that right?

12          A.    Correct.

13          Q.    Okay. And you held that position until you  
14   left in June of '23?

15          A.    Yes.

16          Q.    Okay. As always is possible I might ask a bad  
17   question or it won't be clear, but I'll tell you now, my  
18   questions in this section are really geared toward your  
19   time as divisional leader, to go back to that regional  
20   director, area director time. All right?

21          A.    Okay.

22          Q.    As divisional leader, who did you report to?

1           A.    Mike Brennan.

2           Q.    The president of Movement Mortgage, right?

3           A.    Correct.

4           Q.    And was he your boss throughout the time that  
5 you were divisional leader?

6           A.    Yes.

7           Q.    Okay. As divisional leader, did you have  
8 people directly reporting to you?

9           A.    Yes.

10          Q.    At the moment, I won't make you name them all,  
11 but at least generally speaking, who was it that  
12 reported to you? What sort of positions were those  
13 people in?

14          A.    So I had, let's see, I had five regional  
15 directors that reported to me; a marketing support  
16 staff; and my assistant. Actually, I had some other  
17 direct reports that I had. Our building manager and I  
18 had some folks off and on report to me that were in the  
19 coaching department. But consistently, it was more  
20 regional directors.

21          Q.    Okay.

22          A.    That was kind of who I was responsible for.

1 A. Correct.

2 Q. And from there, was it a coordinated effort  
3 between you and Mr. Johnson about the other employees?

4 A. Yes.

5 Q. I'd like to start with Mr. Johnson, and then  
6 we'll come back to the others. Okay.

7 A. Okay.

8 Q. And I can't promise they're not going to bleed  
9 together a little bit.

10 A. Okay.

11 Q. So generally speaking, Mr. Shelton, what was  
12 your involvement in recruiting Sean Johnson?

13 A. Well, it wasn't a ton because he obviously  
14 knew the company well, and, you know, I don't -- I don't  
15 think things were going great for him at LoanDepot.  
16 Whatever that was, I don't know. But so my involvement  
17 was we got on the phone and he came to Charlotte and we  
18 had dinner and we talked through some different team  
19 members on his team and we hired Sean and some of those  
20 team members.

21 Q. Is it safe to say that on the Movement side of  
22 things you were in the lead on bringing over Sean? '

1           A.    I would say initially it was Mike Brennan, the  
2 president, but yes, he -- he kind of passed it over to  
3 me to take charge.

4           Q.    So how did you first become involved?

5           A.    I was -- I was saying I was at our corporate  
6 office. I only live a few hours from there. So I was  
7 there quite a bit and, you know, Mike said, hey, Sean  
8 Johnson is interested in coming back to Movement. You  
9 need to get on the phone and talk to him. So I got on  
10 the phone and talked to him. We scheduled a dinner for,  
11 I want to say, later that week. It was pretty quickly.  
12 I don't know the dates. I don't remember the dates.  
13 And then he -- he came up to dinner and that was kind of  
14 -- that was it.

15          Q.    Okay. What else do you remember about that  
16 initial conversation with Mike Brennan? What else did  
17 he tell you or instruct you?

18          A.    He said we're going to have to make some  
19 internal changes because, you know, currently some of  
20 the states that Sean is going to cover are already being  
21 covered by somebody else. And so, you know, we're going  
22 to have to have some tough conversations with my peer,

1           A.    Yes.  He works for Alison, and he probably  
2           kind of helped us with all of the offer letters,  
3           employment agreements, stuff like that.

4           Q.    So same like it was as Alison?

5           A.    Correct.

6           Q.    I see.  And then was your assistant, Linda  
7           Plymale, playing her typical role as your assistant?

8           A.    Yes.  So she -- she was helping me keep every  
9           -- keep all of it organized and help, you know, onboard  
10          a lot of the team.

11          Q.    Is there anybody else that we haven't talked  
12          about just now that on the Movement side that was  
13          involved in recruiting and hiring Sean Johnson and his  
14          team from LoanDepot in 2021?

15          A.    I think we've covered everybody.

16          A.    Okay.  So is it safe to say you're the one  
17          sort of driving it day in and day out?

18          A.    Yes.  I mean, I -- I think Mike was driving it  
19          from the get, you know, but then I executed on it.

20          Q.    Thank you for clarifying.  Did Mr. Brennan  
21          continue to play a role after he tapped you to execute?

22          A.    He was at the dinner with Sean Johnson when he



1 in loan volume.

2 Q. When you say \$1.2 billion in loan volume, is  
3 this across his entire team?

4 A. Correct.

5 Q. And these are the 25 or so loan officers that  
6 came with him and then continued to work with him at  
7 Movement?

8 A. Correct.

9 Q. All right. What did you know about Sean  
10 Johnson's interest in Movement before you actually spoke  
11 to him yourself?

12 A. I just knew that he wanted to come back, and  
13 he wanted to be in a leadership position.

14 Q. And are those both things you learned from  
15 Mike Brennan?

16 A. Yes.

17 Q. Okay. At the time, did you have an  
18 understanding of why Mr. Johnson wanted to come back to  
19 the Movement?

20 A. Yes.

21 Q. And what was that?

22 A. LoanDepot was having, I guess, some internal

1 Q. Mr. Johnson's?

2 A. Correct.

3 Q. Okay. And so when you're saying "the team is  
4 on track," is that the same team of 20 or 25 loan  
5 officers we've been talking about already?

6 A. Let me read this here. Yes.

7 Q. All right. Where did you get these numbers?

8 A. Probably a combination of Mike Brennan and  
9 Sean Johnson.

10 Q. All right. Which portions came from Mr.  
11 Brennan and which portions came from Mr. Johnson?

12 A. I think both. You know, I think Mike probably  
13 told me, hey, well, you -- I could look up -- I could  
14 look up everyone on this team's volume in MMI. But I'm  
15 sure Mike said, hey, the team did, you know, the zone  
16 tried to do 1 1/2 billion in volume, and Sean's going to  
17 do 140 million. And then I'll probably confirmed that  
18 with him. But that's probably, I would imagine, how  
19 that kind of went down. Because Mike was really -- Mike  
20 was really excited about, you know, this hire because he  
21 -- he had just -- just become the president and, you  
22 know, was excited to grow the company. So he -- he was

1 very excited about this hire. So I would imagine  
2 probably a combination of those two but more  
3 specifically probably came from Sean.

4 Q. All right. At this point in time, October  
5 11th, what was your purpose in confirming these numbers  
6 with Mr. Johnson?

7 A. We were working on his offer letter. And then  
8 the offer letters for other L.O.'s on this team.

9 Q. How do these numbers affect Mr. Johnson's  
10 offer letter?

11 A. The more volume you close, the more money you  
12 get.

13 Q. In the offer?

14 A. Correct.

15 Q. Okay. How do these figures affect the offers  
16 for other loan officers?

17 A. Same. Same way. It was -- it was real common  
18 during COVID. Obviously, these numbers -- the numbers  
19 were really good because interest rates were so low. So  
20 it was very common within the mortgage industry to write  
21 large checks to production teams to come over to the  
22 company. It was -- I mean it's -- it -- every company

1           Q.    Did Mr. Johnson give you guidance about what  
2           would be effective in recruiting the other LoanDepot  
3           employees?

4           A.    Maybe a little bit.  It was pretty much a -- a  
5           kind of a done deal.  Like it was -- it -- it had  
6           happened behind the scenes.  I wasn't even, you know, I  
7           wasn't a part of it.  So it was -- not really.  I mean,  
8           I'm -- I'm sure there was some conversation of here's,  
9           you know, here's so and so's hot buttons.  But, you  
10          know, quite frankly, there wasn't a ton of -- there  
11          wasn't a ton of recruiting going on.  It was kind of a  
12          done deal.

13          Q.    Okay.  What do you mean when you say that it  
14          was happening behind the scenes?

15          A.    Meaning Sean was leaving and the team was  
16          following him.

17          Q.    And as meaning, you -- he was having  
18          conversations with him about that?

19          A.    Correct.

20          Q.    Did Mr. Johnson tell you that he was having  
21          conversations with his team about --

22          A.    He didn't need -- no, he didn't need to.  But

1 good up to the point mid to late 2020, correct?

2 A. Somewhere in there.

3 Q. All right. And you said at that point, he  
4 became disinterested, meaning he was preoccupied with  
5 other activities, correct?

6 A. Among other things, yes.

7 Q. Okay. And you said at points you didn't feel  
8 like you were getting support from him. Fair?

9 A. Yes.

10 Q. All right. And you felt like you didn't  
11 follow up on certain initiatives that you had agreed on?

12 A. Follow up on certain issues and follow through  
13 on commitments he made to loan officers.

14 Q. Okay, all right. So in terms of leaving  
15 LoanDepot, that relationship with Mr. Covey prompted you  
16 to entertain communications from Movement about a job.  
17 Fair?

18 A. Several companies, but yes.

19 Q. Okay. Well, I mean, let's maybe be more  
20 specific about it.

21 So there came a time when you got into contact with  
22 Mike Brennan, the CEO of the Movement, right?

1           A.    Yes.

2           Q.    And I asked you about that in your deposition,  
3 and you couldn't recall whether he called you or you  
4 called him, right?

5           A.    If that's what the deposition was, yes.

6           Q.    Okay.  So somehow on October 5th, you connect  
7 up with Mike Brennan, right?

8           A.    Yes.

9           Q.    And that's October 5, 2021?  So I get my years  
10 right.

11          A.    Yeah.  I believe that's what it was, yes.

12          Q.    Correct?  All right.  Now, it was at that  
13 point you engaged with him about potentially leaving  
14 LoanDepot, correct?

15          A.    We had a brief conversation, and then he  
16 pointed me to Chris Shelton.

17          Q.    Right.  All right.  Well, let's take a look at  
18 Exhibit 13.  That's LoanDepot Exhibit 13.

19                (Whereupon, Respondent Exhibit 13 was marked for  
20 identification.)

21                You there?

22          A.    Yes, sir.

1           Q.    All right.  So just to put a finer point on  
2           it, so this is the text that you exchanged with Mr.  
3           Brennan on October 5, 2021, correct?

4           A.    It is.

5           Q.    And you'd not been in touch with Mr. Brennan  
6           over the years, right?

7           A.    No.

8           Q.    All right.  And I think you said you knew him  
9           maybe in passing back at Movement when you were there?

10          A.    At different events.

11          Q.    Okay.  So you get this communication out of  
12          the blue with Mr. Brennan and so as a result of that,  
13          then this series of events starts which lead to your  
14          ultimately resigning from LoanDepot, correct?

15          A.    Yes.

16          Q.    Okay.  So that whole process from the time  
17          let's say you first connected with Mr. Brennan on  
18          October 5th to the time you got an offer letter from  
19          Movement, which was on -- do you remember when that was?  
20          Was it October '21.  Does that sound about right?

21          A.    '21, '22 something like that, yeah.

22          Q.    Okay.  I'll represent to you it was October

1           A       For his own reasons.

2           Q       So apparently there was something going on  
3       at Movement such that he felt it necessary to leave;  
4       right?

5           A       I think we covered that earlier.

6           Q       I'm asking you now, yes or no. Was there  
7       something going on for Mr. Walker sufficient such  
8       that he felt the need to leave Movement?

9           A       My understanding is the local leadership  
10      there had left.

11          Q       And Lisa West, there was something going  
12      on there at Movement sufficient enough to make --  
13      have her make the weighty decision to leave that  
14      job; right?

15          A       She took an opportunity in the real estate  
16      business.

17          Q       And she left Movement?

18          A       She did, yeah.

19          Q       Okay. Same thing with Justin Kozera;  
20      right? There was enough going on there that he  
21      decided he was going to leave Movement; right?

22          A       Opportunity.



1           Q     Okay.  So -- and I know we talked a lot  
2     about this Charlotte meeting.  So in that Charlotte  
3     meeting, you had understood even before the  
4     Charlotte meeting that you were not going to be a  
5     produce at Movement; correct?

6           A     I wasn't sure I was going to be taking a  
7     job at Movement before the Charlotte meeting, but  
8     the likelihood it would be a nonproducing role.

9           Q     But any job that you were discussing from  
10    the get-go, the time you talked to Mr. Brennan on  
11    October 5, that was from that point to be a  
12    nonproducer role; correct?

13          A     More than likely, yes.

14          Q     And so as you got to Charlotte, I think  
15    what you said was that the discussion was at that  
16    time around your being in the nonproducer role,  
17    taking over as the regional director.  Did I get  
18    that right?

19          A     That's what most conversations were, yes.

20          Q     And so when you were in Charlotte, I think  
21    you said that you met primarily with Mr. Brennan and  
22    then with Mr. Shelton; right?

1           A     Yep.

2           Q     Okay. And so Jason Stenger as the chief  
3 operations officer, he's the one responsible for  
4 ensuring that loans within Movement can be processed  
5 on the operations side efficiently and effectively;  
6 right?

7           A     Yes.

8           Q     So he's the guy that makes the loan trains  
9 run on time; fair enough?

10          A     He does.

11          Q     Okay. And so someone like Jason Stenger  
12 would need to get involved when, for example, a  
13 large group of employees were coming on, let's say  
14 in an acquisition, okay. Do you know whether  
15 Movement has been involved in any acquisitions?

16          A     They acquired Mortgage Network I think  
17 early '22.

18          Q     Okay.

19          A     And Eagle Bank like six years ago, I  
20 guess.

21          Q     Let's go with Mortgage Network, then. So  
22 Mortgage Network, when Movement acquired Mortgage

1 business that they are able to handle can get  
2 processed effectively; right? Yes?

3 A That was not part of the conversation.

4 Q I'm not asking if that was part of the  
5 conversation. I'm asking you, based on what you  
6 know about your employment with Movement and being  
7 in the industry for how many years?

8 A 23.

9 Q 23. So for being in the industry for 23  
10 years, you know that when a group of people is  
11 brought on, you've got to have the operational  
12 support there to ensure that the volume that they  
13 bring in can be handled; right?

14 A When one person comes on, you've got to  
15 make sure the operational support is there.

16 Q When one person comes in. And it's a lot  
17 different when a group of people comes in; right?

18 A There's different challenges.

19 Q So when a group of people comes in, like  
20 when mortgage network comes in, that's the type of  
21 thing that Jason Stenger, the chief operations  
22 officer, would be involved in; right?

1           A       He would make sure he had the right staff  
2       deployed.

3           Q       Exactly. So you're not going to bring in  
4       a group of people who are loan officers, going to  
5       sell loans, without the ability to support them from  
6       the operational side; right?

7           A       Yes.

8           Q       All right. That's right.

9                   And so you don't need that type of  
10       infrastructure when one nonproducer is coming in;  
11       right?

12          A       Incorrect.

13          Q       Right -- oh. So well, when one  
14       nonproducer is coming in with loan officers you do;  
15       right?

16          A       Incorrect.

17          Q       All right. Now, we talked a little bit  
18       about the communications that you had with the  
19       people in your office, and I want to make sure I get  
20       this right.

21                   So you said, and maybe I'll say it  
22       differently. So is it the case that when you got

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